

IN THE SENATE OF THE UNITED STATES.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

RELATIVE

To the issue of Treasury notes in payment for silver bullion and their receipt on deposit without interest from national banking associations.

JUNE 20, 1892.—Referred to the Committee on Finance and ordered to be printed.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., June 17, 1892.

SIR: I have the honor to invite the attention of Congress to the following matter:

Under the act approved July 14, 1890, there have been issued in payment for silver bullion purchased, as shown by the statement published June 1, 1892, Treasury notes in the amount of \$97,391,986. It has been the policy of this Department to encourage the general distribution of these Treasury notes by issuing them in the smaller denominations so far as possible. In pursuance of this policy, and in order that there might be no ground for discriminating against them, my predecessor directed that the outstanding Treasury notes be treated in all respects the same as United States notes. Among the provisions of law affecting the latter is that contained in the act of June 8, 1872, which authorizes their receipt on deposit without interest from national banking associations in sums not less than \$10,000, and the issue therefor of certificates of deposit in denominations not less than \$5,000.

Soon after the issue of Treasury notes began it was found that their distribution in small denominations would be facilitated by extending to them the provisions of the act of June 8, 1872. This was accordingly done after consultation with the proper officers of the Department, who were of the opinion that such action was not in conflict with any statute.

In view of the fact, however, that the act of July 14, 1890, did not specifically provide for the receipt of Treasury notes in this manner, I deemed it advisable when my attention was called to the matter to consult the Attorney-General on the subject, and that officer, under date of February 15, 1892, informed me that, in his opinion, such Treasury notes are not so receivable. As this opinion was at variance with that under which the Department had acted, it was thought advisable, after careful consideration, to discontinue the receipt of Treasury notes as

notes are not so receivable. As this opinion was at variance with that under which the Department had acted, it was thought advisable, after careful consideration, to discontinue the receipt of Treasury notes as special deposits, and refer the subject to Congress for such action as it may deem proper.

At this time there are no Treasury notes of 1890 in the Department held as special deposits. This condition is the result of steps which were taken as soon as the conclusion above indicated was reached. As the crop-moving period is near at hand it is thought that the continued issue of the small denominations of these notes will for the present be acceptable, and will not be immediately checked by the discontinuance of their receipt as special deposits; but as soon as the return flow of money to the business centers is established, the addition of new currency in small denominations without the privilege of special deposits heretofore allowed, will prove embarrassing alike to the public and the Department, and in my opinion will eventually result in an increase in the proportion of notes of large denominations.

Entertaining this view, and being desirous of furnishing to the people for their everyday use an adequate supply of such denominations of money as they may demand, I do not hesitate to recommend that the provisions of the act of June 8, 1872, be extended by appropriate legislation to the Treasury notes authorized by the act of July 14, 1890.

Respectfully yours,

CHARLES FOSTER,
Secretary.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

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